

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
Children's Hospital Program

Staff Summary
Resolution 2007-02
January 25, 2007

Applicant: Long Beach Memorial Medical Center (LBMMC)
Miller Children's Hospital (MCH)
2801 Atlantic Avenue
Long Beach, CA 90806
Los Angeles County

Project Site: 2801 Atlantic Avenue
Long Beach, CA 90806

Amount Requested: \$74,000,000

Prior Amount Awarded: \$0

Description of Applicant:

Miller Children's Hospital is an operating unit of Long Beach Memorial Medical Center, which is a non-profit 501(c)(3) corporation. The Department of Health Services issued a license to LBMMC to operate and maintain MCH as a general acute care hospital. The 2006 (year ending June 30) audited financial statements were free of "going concern" language.

Project:

The MCH is seeking grant funds to construct, equip and furnish a new four-story inpatient pediatric tower adjacent to the existing 281-bed facility.

- Ground Floor (below grade): Seven (7) state-of-art surgical suites, pre and post-operative rooms, central sterile supply and related support facilities.
- First Floor: Imaging center to include three (3) radiology suites and two (2) ultrasound rooms, conference rooms and information center.
- Second Floor: A 48-bed Neonatal Intensive Care Unit (NICU) with 24 beds to be furnished and equipped at this time.
- Third Floor: The eventual use will be determined based on future needs.

Proposition 61 Evaluation Factors:

Based on the review of the application and other submitted materials, staff evaluated the Corporation's project using the six factors identified in Proposition 61 language.

The grant will contribute toward expansion or improvement of health care access by children eligible for governmental health insurance programs and indigent, underserved, and uninsured children:

MCH currently leases operating rooms from LBMMC. With its own surgical suite, MCH will be better able to schedule its procedures and perform more surgeries. Also, with the additional 24 NICU beds, more of the sickest of the sick newborns will be treated

The grant will contribute toward the improvement of child health care or pediatric patient outcomes:

The new integrated surgical suites are designed specifically with the smaller patient in mind, which will provide for a safer environment for pediatric surgery. An integrated operating room is designed so all items needed during surgery will be built into the room. As such, all rooms will have standard equipment as opposed to having mobile carts in different locations.

NICU has been averaging a daily census of 68 for a 69 bed unit over the past 12 months. The additional beds will minimize the delays of transferring the neonates into the unit.

Also, the NICU isolette will be 120 square feet, which is larger than the mandatory 80 square feet. More room will provide more workspace for personnel and equipment.

The children's hospital provides uncompensated or undercompensated care to indigent or public pediatric patients:

LBMMC provided approximately \$43.3 million and \$34.0 million in charity care for fiscal years 2005 and 2006 respectively. During fiscal year 2005, LBMMC adjusted its charity care policies according to industry guidelines. The variance between the two years reflects the 2005 transition period. It has financial counselors to assist in finding alternative sources of payment from both public and private programs. Also, Medi-Cal eligibility workers are on site to assist the families.

The children's hospital provides services to vulnerable pediatric populations:

For fiscal year 2006, MCH had over 8,000 admits, 24,400 emergency department visits and 15,000 outpatient visits. More than 63% of its patients were covered by Medi-Cal and other governmental programs.

The children's hospital promotes pediatric teaching or research programs:

MCH is a major pediatric teaching hospital for University of California Irvine (UCI) and for other universities. UCI budgets 48 pediatric residents and 12 family medicine residents for pediatric training.

Over 50 of MCH’s medical staff and faculty are engaged in clinical research. The major research focus has been in pediatric oncology, AIDS, infectious diseases and neonatology.

Demonstration of project readiness and project feasibility:

A road had to be relocated to clear the area for the new tower. That project started in August 2005 and was completed in May 2006. The formal construction phase began in September 2006 and is anticipated to be completed in May 2009.

A third party feasibility study was prepared for MCH. The study determined that the increasing demand for MCH’s services warrants the expansion

A review of the most recent audited financial statements indicates LBMMC has sufficient cash and investments to cover all costs after the grant is exhausted.

<u>Source of Funds:</u>		<u>Use of Funds</u>	
Internal Funds	\$ 49,327,298	Construction	\$104,484,350
<u>CHFFA Grant</u>	<u>74,000,000</u>	Equipment Purchases	12,242,948
		<u>Road Relocation</u>	<u>6,600,000</u>
Total	<u>\$123,327,298</u>	Total	<u>\$123,327,298</u>

SB 1953

The current hospital is a four-story steel framed structure built in 1969. LBMMC established a capital plan in which it will spend approximately \$50 million to be in compliance with the 2013 seismic standards.

Legal Review:

No information was disclosed to question the financial viability or legal integrity of the Applicant.

Staff Recommendation:

Staff recommends that the Authority approve a resolution for Long Beach Memorial Medical Center to provide a grant not to exceed \$74,000,000 (less costs of issuance), subject to all requirements of the Children’s Hospital Program.